

Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 02028 242010Z

61

ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 AGR-20 DOTE-00 DODE-00 PA-03

USIA-15 PRS-01 SS-15 NSC-10 TRSE-00 FMC-04 RSR-01

/124 W

----- 047373

P 241930Z AUG 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 1600

LIMITED OFFICIAL USE OTTAWA 2028

DEPT PASS AGRICULTURE, DOT, ICC AND LABOR

E.O. 11652: N/A

TAGS: ELAB, ETRN

SUBJECT: RAILWAY STRIKE BECOMES NATIONAL EFFORT

REF: OTTAWA 1838, 1795, 1781

1. COMPLETE NATIONWIDE RAIL STRIKE COMMENCED LATE AUGUST 23 AS NON-OPERATING WORKERS ESCALATED STRATEGY UPWARD FROM ROTATING REGIONAL WORK STOPPAGES WHICH BEGAN JULY 26. MEDIATION EFFORTS BY JUDGE GOLD AT MONTREAL WERE TEMPORARILY SUPERCEDED BY INTERVENTION LABOR MINISTER MUNRO AT OTTAWA LAST WEEKEND. BOTH HAVE BEEN UNSUCCESSFUL. ON AUGUST 22 CANADIAN NATIONAL SUSPENDED INDEFINITELY ALL INTERCITY PASSENGER SERVICE BETWEEN MONTREAL, OTTAWA AND TORONTO. UNIONS CONSIDERED THIS AND OTHER RAILROAD LAY-OFFS OCCASIONED BY ERRATIC IMPACT OF ROTATING STRIKES TO BE LOCKOUTS. THIS PROBABLY INFLUENCED DECISION TO ESCALATE.

2. GOC IS TRYING TO AVOID RECALLING PARLIAMENT TO ENACT BACK TO WORK LEGISLATION.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 02028 242010Z

WIDESPREAD SPECULATION EXISTS GOC WILL INDUCE RAIL

CARRIERS TO SETTLE BY SUBSIDIZING THEIR ADDED COSTS ESPECIALLY SINCE AT CALGARY JULY WESTERN ECONOMIC CONFERENCE GOC DECLARED 18-MONTH FREEZE ON RAIL RATE INCREASES. RAILROADS HAVE BEEN PUBLICLY SILENT ON SUBSIDY QUESTION BUT MOT SENIOR OFFICIAL YESTERDAY INDICATED TO EMBASSY DETAILED REPRESENTATIONS BEING MADE BY CARRIERS RE SUBSIDY AMOUNTS REQUIRED MEET VARIOUS PERCENTAGE DEMANDS.

3. EVEN BEFORE NATIONWIDE STRIKE DECLARED, THIS OFFICIAL INDICATED MOT AND OTHER AGENCIES HAD SERIOUS CONCERN CUMULATIVE IMPACT OF ROTATING STRIKES ON BASIC TRANSPORT SYSTEM. GRAINS AND OTHER BULK MATERIALS WERE AFFECTED MOST BUT LOGISTICS SYSTEM FOR GENERAL MANUFACTURES AND FOODSTUFFS, WHICH MOVE BY RAIL IN CANADA AT HIGHER RATE THAN IN US, WAS ALSO BEING SERIOUSLY DISRUPTED. TRUCKING AND AIR FREIGHT CAPABILITIES TO ABSORB ADDED TONNAGES JUST NOT AVAILABLE. CANADIAN TRUCKING INDUSTRY OFFICIAL SPOKE TO EMBASSY IN SIMILAR VEIN ON WEDNESDAY AND INDICATED INDUSTRY BITTERNESS AT PROSPECT ADDITIONAL RAIL SUBSIDY.

4. DILEMMA CONFRONTING GOC IS HOW TO PAY FOR SIGNIFICANT WAGE INCREASES TO RAILROAD WORKERS. ESSENTIALLY, THERE ARE ONLY TWO WAYS OPEN: (A) PERMIT RAILROADS TO INCREASE FREIGHT RATES, OR (B) SUBSIDIZE RAILROAD FREIGHT OPERATIONS. BECAUSE ANY INCREASE IN FREIGHT RATES WOULD RISK ANTAGONIZING THE WESTERN PROVINCES AND THE MARITIMES -- WHICH THE GOC WOULD WANT TO AVOID -- SUBSIDIZING THE RAILROADS IS PROBABLY THE LESSER OF TWO EVILS. HOWEVER, A SUBSIDY TO THE RAILROADS, PLUS A NEW ROUND OF HIGHER WAGE SETTLEMENTS WHICH A RAILROAD STRIKE SETTLEMENT IS LIKELY TO TRIGGER, COMPOUNDS THE DIFFICULTY GOC IS ENCOUNTERING IN TRYING TO CONTROL INFLATION. MOREOVER, HIGHER LABOR COSTS AND RAILROAD SUBSIDY WILL MAKE IT MORE DIFFICULT FOR GOC TO REDUCE ANY TAXES IN THE NEAR FUTURE IN ANTICIPATION OF ANY NEW ELECTIONS.

JOHNSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic DecapTIONing: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 AUG 1973
DecapTION Date: 01 JAN 1960
DecapTION Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OTTAWA02028
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730817/aaaaamee.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: OTTAWA 1838, 1795, 1781
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 07 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Sep-2001 by elyme>; APPROVED <13-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RAILWAY STRIKE BECOMES NATIONAL EFFORT
TAGS: ELAB, ETRN, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005